UNCTAD BULLETIN

JULY – AUGUST 1993

NUMBER 21

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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

Last July's session of the Economic and Social Council of the United Nations (ECOSOC) on the 1995 World Summit for Social Development focused attention on what has been described as the social crisis of the 1990s. Symptoms of this crisis abound, ranging from the generalized spread of unemployment and the increasingly unequal distribution of wealth and opportunities to growing social exclusion and economically-induced migrations. Meanwhile, as the Secretary-General of the United Nations observed in his report to ECOSOC, poverty has not declined, either in absolute or in relative terms. To-day one fifth of the world's population, or over a billion people, earn a little more than 2 per cent of total world income. The elimination of poverty and the acceleration of economic growth and social development in the third world on a sustainable basis remains, as UNCTAD VIII put it, the most important development challenge for the 1990s.

The failure of past efforts to narrow the gap between rich and poor, both within and among countries, is a particular source of concern when world output grows slower than population, as it has done in the past three years, so that income per head declines. For, if the world economy continues to grow at its current sluggish rate, an accentuation of poverty seems inevitable.

The importance of reviving the world economy cannot, therefore, be overstated. High growth is a necessary condition for poverty alleviation, both directly through its effect on incomes and indirectly by facilitating the financing of income transfers. It is not, however, a sufficient condition. Structural problems and inappropriate policies have frequently thwarted attempts to achieve an equitable distribution of the benefits of growth. The fight against poverty cannot, therefore, rely exclusively on "trickle down" effects, but must also be pursued by a combination of macroeconomic and sectoral policies as well as measures targeted at the poor. The objective should be to give the poor the means to meet their needs in a sustainable way by integrating them into productive activities so that they become agents of growth.

The identification of policies that have been successful in this regard is a central objective of UNCTAD's Standing Committee on Poverty Alleviation. The Committee's next session will focus on country experiences with structural adjustment programmes in relation to poverty reduction, job creation policies, including through the participation of small scale and micro-enterprises in international trade, social funds and safety nets and with the social mobilization and organization of the poor.

The results of this work will become part of UNCTAD's contribution to the World Summit for Social Development, one of whose tasks will be to define an integrated and action-oriented approach designed to reduce poverty, increase employment and promote social integration. The Summit therefore represents an historic opportunity to create a new vision of development, one which puts people first, and thus to move closer towards achieving the goal of "better standards of living in larger freedom" enshrined in the United Nations Charter.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 187 member States, including the 184 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees, working groups and other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff-part of the United Nations Secretariat-numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor

NEW STRATEGIES PUSH TRANSNATIONAL CORPORATIONS TO THE FOREFRONT OF GLOBAL INTEGRATION

The following press release was issued to mark the publication on 21 July of the "World Investment Report 1993: Transnational Corporations and Integrated International Production" (WIR93).*

* * *

Transnational corporations (TNCs) have become a major force leading towards closer integration of the world economy. An estimated one-third of private productive assets are under the common governance of these firms, contributing to the emergence of an integrated international production system. This is the main conclusion of WIR93, the third in an annual series, issued by UNCTAD's Programme on Transnational Corporations (formerly the United Nations Centre on Transnational Corporations).[1]

The Expanding TNC Universe

As of the early 1990s, there were 37,000 TNCs with 170,000 foreign affiliates, up from 7,000 TNCs only two decades ago. These firms control a stock of foreign direct investment (FDI) that has reached US$2 trillion, one-third of which is controlled by the largest 100 TNCs. UNCTAD estimates that all TNCs account for foreign sales worth some US$5.5 trillion. The sheer magnitude of this figure may be gauged by a comparison with the total value of world exports of goods and non-factor services, which amounts to US$4 trillion. Of this, one third was intra-firm trade between parent companies and their foreign affiliates.

WIR93 presents, for the first time, a list of the top 100 TNCs ranked by the book value of their foreign assets. The largest foreign investor is Royal Dutch Shell (United Kingdom and the Netherlands) with US$69 billion in assets in other countries, followed by Ford, General Motors, Exxon and IBM (all United States). The top 10 also include British Petroleum (United Kingdom), Asea Brown Boveri (Sweden and Switzerland), Nestle (Switzerland), Philips (the Netherlands) and Mobil (United States).

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* *Obtainable from United Nations Publications, United Nations Plaza, New York 10017, USA – Tel. +1 212 963 3552; Fax: +1 212 963 3062 or the United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland, Tel. +4122 917 2615; Fax +4122 917 0027, price US$45.*

As part of the restructuring of the economic and social sectors of the Secretariat of the United Nations, the General Assembly in April 1993 approved the transfer to UNCTAD of a number of activities previously carried out by the former Centre on Transnational Corporations and the former Centre for Science and Technology.

After a Dramatic Fall in 1991 and 1992, FDI Expected to Surge Ahead

Annual FDI flows dropped sharply after 1990 when they reached a record US$234 billion. World-wide outflows are estimated to have been US$150 billion in 1992, the lowest annual total since 1987. The decline is largely due to recession and slow growth within the Triad – the European Community, Japan and the United States, the main investing and recipient regions.

As growth picks up, the long-term strategies of TNCs and the continuing liberalization of policies will lead to a significant expansion of FDI in the 1990s. The sharp, cyclically-based downturn in FDI flows is consistent with past responses to recession; substantial growth in FDI is likely for the remainder of this decade.

Projected Doubling of FDI in the Developing World by the Year 2000

FDI flows to developing countries reached US$40 billion in 1992, up from US$25 billion five years earlier; flows to East, South and South-East Asia were US$21 billion and to Latin America and the Caribbean US$16 billion, up from an annual average of US$12 and US$9 billion, respectively, in the second half of the 1980s, but inflows to Africa were only US$2 billion, a drop from the US$3 billion average of the late 1980s. FDI to Asia and Latin America is growing rapidly in part as an alternative to investments in slow-growing Triad regions; however, policy changes and strong growth prospects in those countries are a major attraction for TNCs. One scenario cited in WIR 93 projects a doubling to around US$80 billion in real terms of inflows of FDI to developing countries by the year 2000 based on expected rapid growth in Asia and Latin America.

Globalization Boosts FDI Beyond Regional Confines

FDI to developing countries continues to show a strong "clustering" pattern, with Japan increasingly the dominant investor in Asia, the United States in Latin America, and EC countries in Central and Eastern Europe and much of Africa. Such clustering is reinforced by regional strategies of TNCs and by such regional integration programmes as NAFTA. There is evidence, however, that FDI is increasingly crossing regions, and is becoming a leading element in integration of a more global scope.

Increasing FDI Concentration in Services

There have been major changes in the sectoral composition of FDI, with an increasing concentration of FDI in services and technology-intensive manufacturing, and a declining share going to primary-sector activities and resource-based manufacturing. Services accounted for almost half of the stock of FDI in the developed countries as of 1990, more than double the share in 1970, while manufacturing remains the largest sector for FDI in developing countries. The growth of FDI in services reflects major long-term changes within economies, with the recent surge of services FDI due largely to the liberalization of the regulatory environment; most services are not tradeable and can only be delivered via FDI – as policy environments became more open, TNCs rapidly expand their FDI in services.

TNCs Have Become a Driving Force for World-Wide Economic Integration

Data on the number of TNCs, size of global FDI and assets of the largest companies, large as they are, do not convey a full picture of TNC activities. TNCs are increasingly organizing themselves into multi-tier networks including parent firms, foreign affiliates, firms linked through subcontracting, licensing and similar contractual arrangements, and firms tied together through alliances. These networks include all major corporate functions – R&D, procurement, manufacturing, marketing, finance, accounting, human resource development – and occur in both developed and developing countries. Such changes in TNC strategies and organization are fostering world-wide economic integration.

TNCs are moving rapidly from strategies and organizational structures that involve simple linkages among units towards those that involve multiple and complex linkages. An example is the Ford Motor Company, which over the years has restructured its European operations from a series of nationally-based affiliates serving separate single-country markets to an integrated organization serving a single Europe-wide market, where R&D, procurement, production, marketing and other activities are coordinated. Recently, Ford of Europe has played a lead role, coordinating activities in both Europe and North America, in developing and producing a "world car" that will simultaneously be produced and sold in the two regions, and exported world-wide.

Complex strategies involve more than selling products world-wide; they mean that key functional activities may be performed in a multiplicity of locations, depending upon where they best serve the needs of the firm or of a particular product line, as illustrated by these examples:

- Swissair (Switzerland) has created an affiliate in India to handle revenue accounting functions for the firm as a whole.
- ITT (United States), a producer of yellow page directories, centralizes its procurement of paper in an affiliate in Belgium.
- Pirelli (Italy) coordinates and guarantees its global financial commitments from an affiliate in Switzerland.

The Evolution of TNC Strategies Results from Four Key Developments

New information technologies have expanded the scope and reduced the costs of controlling complex activities over great distances, allowing foreign affiliates to perform activities that previously needed to be kept close to headquarters. Examples include the writing of software in India, the entry and processing of data for insurance companies in Ireland and the location of airline reservation systems in Jamaica, all for TNCs located in North America.

Intensified competition has forced firms to seek innovations and cost savings throughout their entire chain of activities; thus, all activities are subject to being situated in the most cost-effective locations, be they home country or foreign.

Demand patterns for many products are converging, making it more likely that coordinated product development, production and sales can occur. Thus, the growing similarity in market needs and regulatory patterns between North America and Europe is stimulating automobile TNCs to establish production networks to serve both markets.

Policies are fostering more integrated, cross-national activities, including policies to reduce restrictions on trade and FDI and to create "free trade" or "regional integration" arrangements.

TNCs Help Cross-National Integration

Most integration arrangements emphasize international trade and financial flows, activities which WIR93 describes as "shallow" integration. The integration being promoted by TNCs is "deep" integration, as it involves the cross-national coordination of activities involved in producing goods and services.

Evidence cited in WIR93 indicates that while TNC activities often follow regional integration patterns, as with the Single Market in the EC, they also promote integration in the absence of governmental arrangements. Thus, Japanese TNCs are establishing integrated production systems in Asia, integrating more closely the economies of a number of countries in South and South-East Asia; while United States TNCs

began establishing regional linkages involving Mexico prior to the negotiation of NAFTA. In addition, data on FDI flows and examples of company practices, especially in industries such as automobiles, indicate a growing degree of integration that is crossing regions, perhaps leading towards a truly globally-integrated world economy. The result of the expansion of complex strategies on the part of TNCs is the evolution of an integrated international production system.

Towards the Integration of Policies

WIR93 concludes that the growing international integration of production requires a parallel international integration of policies, and it discusses a few options for governments. Moreover, since integrated production involves more sophisticated corporate strategies, government policies need to become more sophisticated too.

WIR93 identifies three areas in particular that call for a review of policies:

Corporate nationality Under conditions of integrated international production, linking legal nationality to the country of incorporation is increasingly difficult, but alternative concepts have yet to evolve.

Parent-affiliate relations When affiliates represented reasonably self-contained operations, it was logical to treat them as separate legal entities; but under integrated international production, affiliates represent one point in a complex cross-national collection whose sum represents a full economic entity. Allocating authority and responsibility is, therefore, becoming more and more difficult.

Taxation As TNC activities are increasingly spread both regionally and globally, it becomes correspondingly more difficult to identify national sources of value added for purposes of allocating tax revenues. Governments are experimenting with different approaches in order to both preserve their revenue base as well as maintain a climate conducive to TNC activities.

Will Developing Countries Be Left Behind?

Among developing countries, those countries most capable of upgrading their economies, finding a specialized activity to attract TNCs, such as data processing, software writing (as in India) or configuring their policy regimes to conform with those of a large neighbour (as with Mexico) are the most likely to participate in the growing integration of the world economy. Other countries may need to reevaluate their policies and strategies to identify where they might link up with the emerging international production system.

WIR93 explains that the locational advantages required by TNCs are moving rapidly away from an emphasis on resources and low-cost labour, and are increasingly emphasizing skills, infrastructure, backward and forward linkages involving local enterprise and proximity to large and growing markets. The extension of the division of labour requires increasingly specialized inputs, which is one reason why developed countries are the favoured locations for FDI.

THE WORLD CONFERENCE ON HUMAN RIGHTS AND DEVELOPMENT

The World Conference on Human Rights which took place in Vienna last June – 45 years after the adoption of the Universal Declaration of Human Rights – brought together some 6000 participants representing 172 countries, 43 intergovernmental organizations and over 600 NGOs. The Conference reached a consensus on a number of important issues, among them the universality and indivisibility of human rights and the right to development. This article focuses on the right to development.

In the final document, this right is considered a "universal and inalienable right and an integral part of fundamental human rights." The wording used in the Declaration on the Right to Development is thus reaffirmed, but at Vienna it was approved by all States, and so constitutes an important advance.

Development and Human Rights

In recent years the question of human rights has penetrated the development debate: their respect is not only an objective in itself but is also considered an important factor of development.[1] Conversely, the Vienna Conference has established development as a core human right. In an international context where human rights have achieved a high degree of visibility, this represents an opportunity to strengthen the legitimacy of the cause of development and to focus attention on the roles and responsibilities of the various actors involved in the implementation of this right.

If at the level of principle all human rights are placed on an equal footing, their observance cannot, however, be treated in the same way. The responsibility for civil and political rights lies with

[1] *This is evidenced, for example, by the references to human rights in the Programme of Action for the LDCs for the 1990s and in the Cartagena Commitment adopted by UNCTAD VIII.*

the State, which is both the provider and the guarantor of these rights. This situation provides the rationale for the international system created for monitoring the observance of such rights. The realization of economic and social rights, and even more so of the right to development, goes beyond the sole responsibility of individual States. In an increasingly complex and interdependent world, it depends upon a wide range of actors and of complex economic processes which interact both at the national and the international levels. A purely legal approach, therefore, would be insufficient; other ways also need to be considered for effectively promoting and monitoring these rights.

As regards the right to development in particular, the Vienna Conference highlighted three basic conditions for its implementation: the elimination of obstacles to development; the combination of national policies with a favourable economic environment; and effective international cooperation. These conditions are clearly not new but they still remain unfulfilled in many respects. The rationale for considering development as a right is precisely to exert pressure for further defining the respective responsibilities of the various actors involved in bringing about these conditions and eventually to evolve more effective forms of accountability.

The Vienna document offers an entry point in this process by affirming that "the universal and inalienable right to development ... must be implemented and realized." In this context it urges the Working Group on the Right to Development created by the Commission on Human Rights to "promptly formulate, for early consideration by the United Nations General Assembly, comprehensive and effective measures to eliminate obstacles to the implementation and realization of the Declaration on the Right to Development and to recommend ways and means towards the realization of the right to development by all States." The activity of the Working Group along these lines, moreover, should be carried out "in consultation and cooperation with other organs of the United Nations system."

UNCTAD and the Follow-up to Vienna

UNCTAD could contribute to this cooperative effort in a number of ways. It could, for example, draw on its past and current research activities to show how restrictions on access to markets, the collapse in commodity prices, the inadequacy of development finance and the weight of the debt overhang constitute obstacles to development. Its analytical work on interdependence, moreover, could help to shed light on the factors which shape the international economic environment and on the policy orientations and coordinating mechanisms required to make the latter more supportive of development. Finally, it could provide advice, in its fields of competence, on appropriate national policies.

The final document includes an important reference to poverty. It affirms that "extreme poverty and social exclusion constitute a violation of human dignity" and that its existence on a large scale "inhibits the full and effective enjoyment of human rights." It therefore calls on the international community to give high priority to the "immediate alleviation and eventual elimination" of extreme poverty.

In this area, the work of UNCTAD's Standing Committee on Poverty Alleviation, particularly the many useful indications for policy which should emerge from the exchange of country experiences, will contribute to the collective endeavours of the United Nations system.

This work could be complemented by an examination of the relationships between the major aspects of interdependence – in the fields of trade, technology, and finance – and the structural problem of social exclusion which is a serious challenge facing most countries. Such a basic issue fits not only in the "human rights agenda" resulting from the Vienna Conference but also into the preparatory work for the 1995 World Summit for Social Development.

Conclusion

The Vienna Conference confirms the new philosophy of international relations which has emerged from the end of the Cold War and which is characterized by a growing interdependence between economic and social issues and other basic issues, in particular human rights and the environment. The latter, in turn, are becoming standards by which countries are judged in the international arena.

It has to be recognized, however, that the simultaneous promotion of human rights, democracy and sustainable development is a formidable challenge for developing countries, particularly for the weakest among them. It is one which the developed countries did not have to face so early in their history. "Good governance" at the national level is indeed indispensable but cannot alone overcome such a challenge. If a mutually reinforcing relationship between human rights and development is to be effectively created, therefore, the international community must support the efforts of developing countries in this endeavour. Otherwise, many of these countries could become trapped in a vicious circle characterized by serious development problems, political instability and a neglect of human rights.

DEVELOPING COUNTRIES AND JOINT ACTION TO CURB INTERNATIONAL FINANCIAL VOLATILITY

*David Felix**

The industrial countries are being impelled by the destabilizing effects of flexible exchange rates and free international capital mobility into joint efforts to restrain hot money flows and strengthen controls over international banking activities. Developing countries, who with their less resilient economic structures are even less able to neutralize destabilizing exogenous shocks, should not remain passive observers but should seek to extend collaborative efforts to deal with their own vulnerabilities to exchange rate volatility and capital flight. This article briefly assesses the vulnerabilities of both groups of countries and identifies joint instruments in place or under discussion that the developing countries should try to promote.[1]

Flexible Exchange Rates and Capital Mobility: Promise and Performance

Flexible exchange rates and free international capital mobility were promoted by laissez-faire economists during the 1960s as a neat market solution to the balance of payments desequilibria then afflicting the industrial economies. The key benefits predicted were that flexible exchange and interest rates would absorb external shocks, strengthening the capacity of each economy to pursue macro policies best suited to its circumstances; the short-term volatility of real exchange and interest rates would be minimized because nominal exchange rates and price levels would move in opposite directions; and liberated international capital flows would produce a global convergence of real interest rates, thus optimizing the global allocation of physical investment.

The spread of flexible exchange rate regimes and the lifting of capital controls since the early 1970s has failed, however, to validate any of these predictions. Economists assessing the experience of the industrial countries now generally agree that:

- Exchange and interest rate volatility has been greatly intensified in the past two decades by cross-border speculation in financial assets. Overshooting, assuming at times the more extreme form of a "bubble" – a meteoric inflating of asset prices followed by abrupt price implosions – has characterized financial market behaviour.
- Real exchange and interest rates have also become more volatile, with no sustained tendency for real exchange rates to stabilize or for real interest rates to converge internationally.
- The enormous expansion of cross-border financial flows since the early 1970s has been accompanied by decelerating growth of the volumes of world trade, physical capital and output.
- Despite the globalization of financial markets, national investment rates continue to depend overwhelmingly on domestic savings rates. The globalizing of financial markets has, however, increased financial fragility and the threat of national financial crises becoming global.
- Financial globalization has diminished the autonomy of industrial countries, including the United States, over their macroeconomic strategies. Each is now deterred from independently pursuing expansionary policies by the fear of precipitating financial outflows.

In sum, flexible exchange rates and liberated capital markets have not provided an international framework that has facilitated full employment and stable growth, as their proponents had promised. Rather, they have facilitated financial perversities that deter countries from pursuing expansionary policies designed to counter their decelerated growth and persistently high excess capacity and unemployment.

For developing countries the framework has been even more adverse. Exchange rate volatility has been higher and feedbacks to the price level more pronounced than in the industrial countries. And, stronger feedbacks notwithstanding, real exchange rate volatility has also been higher in developing countries, particularly in those pursuing free market restructuring strategies.

The last outcome is due in part to the way the restructuring countries have responded to a persistent policy dilemma. Devaluing in order to draw resources into traded goods production via the price mechanism, a central tenet of the market-based restructuring approach, has tended to unduly exacerbate inflation. But holding back devaluation to slow inflation has usually caused the real exchange rate to become increasingly overvalued and the relative prices of traded goods to decline, discouraging investment in such goods and progressively worsening the trade deficit. Easy access to international capital has favoured the second alternative, financial inflows – bank loans in the 1970s, portfolio capital in recent

*Professor of Economics Emeritus, Washington University in St. Louis.

[1] *This article summarizes "Suggestions for International Collaboration to Reduce Destabilizing Effects of International Capital Mobility on the Developing Countries" (January, 1993), a background paper prepared for the Ministers of the Intergovernmental Group of 24 on International Monetary Affairs.*

years – financing for a time deepening exchange overvaluation and widening trade deficits. This financial version of the "Dutch Disease" is, however, especially virulent, since it prolongs real exchange rate overvaluation through an ultimately unsustainable expansion of debt rather than exports. Aware of the risk, the capital tends to flow mainly to high-yielding liquid instruments that allow rapid exodus when financial prospects darken. Capital volatility has thus gone hand in hand with real exchange rate volatility.

Joint Action to Reduce Financial Volatility

Two collaborative mechanisms already exist, and the developing countries may be favourably situated politically to help bring a third into existence. The latter, a global tax on foreign exchange transactions, is discussed first.

Global Tax on Foreign Exchange Transactions

Since the end of the Bretton Woods fixed exchange rate regime, international financial flows have expanded much faster than international trade. They now average some forty times the dollar value of international trade in goods and services. Policies to reallocate real resources, which necessarily take time to work, are thus kept hostage to the speculative moods of international financial markets where adjustments are almost instantaneous. A small uniform tax on all foreign exchange transactions, by "throwing some sand in the well-greased wheels" of the international financial market mechanism, could lower short-term currency speculation and give more breathing room for rational macroeconomic policies. A version with extra benefits for developing countries is described next.

The industrialized and developing countries would jointly agree to levy a small ad valorem tax, say 0.5 or 1 per cent, on all spot foreign exchange transactions. Each government would then collect the tax on all spot transactions by residents within its jurisdiction, including eurocurrency transactions not involving the home currency. Finally, proceeds from the tax would be transferred to a central fund controlled by the IMF or World Bank for long-term relending to developing countries.

Since the relative burden diminishes as the capital turnover lengthens, the tax tilts international capital flows toward the long end. Financial speculation, with its rapid capital turnover, is hit hard, whereas the relative tax burden on direct foreign investment, with its multi-year payback periods, is minor. Moreover, since exchange rate volatility would shrink with the decline of exchange speculation, the tax burden on long-term investment as well as on commodity trade would be offset by savings arising from the reduced need to hedge against exchange rate risk. The main potential benefits, however, are higher levels of employment and growth and the beneficial impact on international trade and investment which they would give rise to in both the industrialized and the developing countries if countries made effective use of the greater breathing room for domestic macroeconomic policies that the tax would afford.

Transaction tax proposals are attracting attention in the industrial countries, although a coordination problem and political obstacles are blocking official action. A globally uniform tax, widely held to be necessary to keep financial markets from evading the tax by shifting location, is a demanding requirement that has led some to dismiss the proposal as politically unrealistic. However, the same sceptics often urge the close coordination of domestic monetary, fiscal and wage policies by the Group of Seven as a more feasible way to reduce financial volatility. Since this would be a far more herculean political and technical task than creating a uniform transactions tax, one suspects that the sceptics are sensitive to political obstacles of a different order, namely the political clout of financial firms of the leading industrial countries who have been profiting from market volatility.

The developing countries, because their financial sectors are relatively weak, may be politically freer to place the transaction tax proposal officially on the table in appropriate international fora, hastening the arrival of a policy whose time is coming. The benefits to developing countries from reducing international volatilities, further enhanced if the tax proceeds are channelled back to them as long-term loans, seem ample enough to warrant the effort.

Extending Joint Controls On Bank Operations

Financial globalization is being shaped by two contrasting dynamics. Financial innovation and international "deregulatory competition" weaken the control of national authorities over their banks; while the increased fragility of the liberated banks and their propensity to service illegal cross-border transactions stimulates the collaborative tightening of banking regulations.

The Basle Committee on Banking Regulation and Supervisory Practices, a consortium of industrial country central banks, has since 1975 been the main vehicle for promoting joint banking controls. Initially, the focus was on collaborative crisis management and a joint strengthening of capital

requirements, record keeping, risk management and other prudential banking controls. Recently, however, the focus has been enlarged to include joint action against bank fraud and illegal money laundering. This has tightened controls on offshore banking operations, curbed bank-client confidentiality, and produced a set of ethical standards to which banks are to adhere in their operations.

This trend to joint banking regulation creates an opening for developing countries to constrain capital flight and tax evasion by strengthening their weak control over the branches and subsidiaries of multinational banks in their territory. These affiliates have had a comparative advantage over the domestic banks in moving clandestine funds internationally. Through secretive "private banking" channels, offshore depositories, and "back-to-back loans", *i.e.* loans collateralized by the clandestine offshore deposits, the multinational affiliates have provided businesses and wealthy individuals of developing countries with facile conduits for capital flight to evade taxes and exchange controls, and for return flows to evade credit controls. International collaboration to discourage such bank behaviour would strengthen the ability of developing countries to enforce their tax laws and financial controls.

Accordingly, the developing countries should try to have the Basle Committee's proscriptions against unethical bank intermediation extended to assisting the illicit evasion of taxes and capital controls. The developing countries, who are being pressured by the Washington institutions to open up to multinational banks, could then require of them a firm commitment to adhere to the extended Basle code of conduct, with penalties, including expulsion, for violations. By participating in the information exchange set up by the Basle concordats, the authorities of developing countries could also curb tax evasion by identifying the true ownership of clandestine offshore bank deposits. Representation in future Basle Committee deliberations – with perhaps the central bank associations of the developing regions as designated representatives – might be the appropriate vehicle for getting the Basle concordats to address the regulatory needs of the developing countries.

Using Exchange of Tax Information Agreements

Since 1988 the United States has been promoting a standardized agreement for the bilateral exchange of tax information between it and developing countries. The agreement requires the two signatories to supply each other on request with information on earnings and assets claimed by their nationals from activities in the other country's territory. The objective is "... to prevent tax fraud ... [and] for the purpose of penalizing violations of public and social norms relating to tax evasion". The mutual commitment is very broad. Requests for information have precedence over confidentiality laws and practices of banks and other fiduciary institutions and agents of the responding country. Each tax enforcement authority is obliged to go beyond its files in supplying requested information, subpoenaing records and holding hearings as needed.

The United States may have been pushing such agreements primarily as an adjunct of its efforts to curb the narcotics trade, but for developing countries who are serious about curbing tax evasion, the reciprocal agreements in their bilateral form have great potential. They could enlist the United States tax authorities in uncovering income and assets hidden abroad with the connivance of institutions other than banks. Security houses and law firms active in setting up evasive shell companies and trusts for developing country clients may be deterred by the increased risk of exposure and penalty. Developing countries could justifiably insist the agreement should also enjoin the signatories from issuing bearer bonds and other nameless securities that facilitate tax evasion through capital flight.

Though multilaterizing the tax agreements would add to their effectiveness, it is not strictly necessary, in contrast to the transactions tax proposal. The potential benefits to a developing country of a bilateral agreement with the tax authorities of the United States, still the dominant international financial centre, are ample enough. Yet, though the incidence of capital flight and tax evasion has been notoriously high in the developing countries who to date have signed bilateral agreements with the United States, these countries have apparently made little use of the bilateral agreements. One hopes this merely reflects a recognition lag rather than a lack of seriousness about closing international channels for tax evasion.

Conclusion

In general, the actions suggested, while not substitutes for domestic efforts to achieve stable growth, would provide a more favourable international framework for such efforts. For developing countries pursuing market liberalizing growth strategies, the framework is probably essential, especially if a decent degree of distributional equity is one of the goals. Since all this to a considerable extent holds for the industrial countries too, developing country proposals along the suggested lines could well lead to fruitful negotiations.

COMMODITY FUTURES CONTRACTS IN HEDGING AND PRICE DISCOVERY

In order to improve the predictability of future cash flows and to protect themselves against adverse price movements, commodity dealers – mostly in developed countries – are increasingly resorting to commodity price risk management instruments.[1] Apart from this use of futures and options contracts as a hedging mechanism against price risks, commodity buyers and sellers, including those of developing countries, often use the prices of futures contracts quoted on commodity exchanges as reference prices for their physical trade deals.

The use of these contracts for both hedging and price discovery purposes depends on the fulfilment of a number of technical and regulatory conditions associated with the functioning of commodity exchanges. These conditions were discussed at a recent meeting of experts representing all sectors of the commodity trading community for which futures markets exist, convened by the Secretary-General of UNCTAD.[2] At their next meeting, which is scheduled for September this year, the experts are expected to formulate proposals for action based on the conclusions which emerged from their first meeting.

A general conclusion of that meeting was that a serious obstacle to a more widespread use of commodity futures markets is the lack of relevant expertise on the part of many buyers and sellers and of governments. Efforts to bridge this skills gap are being undertaken through the technical cooperation programmes of a number of international organizations, including UNCTAD. This article addresses the other issues discussed by the experts, relating to the conditions necessary for the successful development and use of commodity futures and options.

Commodity-specific Conditions

In general, commodity futures and options contracts are traded only when there is a marked short-term volatility in the physical market price of a given commodity. Such contracts are not a device to influence domestic or international commodity market prices, as had been envisaged under various types of stabilization scheme, but rather to provide individual users with the possibility to cope with the price risk to which they are exposed. Futures and options contracts exist for many of the main primary commodities traded internationally.[3] Several contracts are available in the fuels sector as well as for cocoa, coffee, cotton, live animals, maize, orange juice, palm oil, rubber, silk, soyabeans, soyabean oil, sugar, wheat, aluminum, copper, gold, lead, nickel, silver and zinc. However, a large number of these contracts are currently traded only on domestic markets and are not suitable for managing risks in international trade.

Commodity-specific characteristics such as lack of homogeneity or poor storability can provide a barrier to the development of futures contracts. Recent successful attempts to overcome constraints regarding homogeneity include index-based or differential contracts, such as the "Brazil Differential Coffee Futures Contract" introduced on the Coffee, Sugar and Cocoa Exchange in June 1992; and the cash-settled cotton contract based on the so-called "Cotlook-A index" introduced on the New York Cotton Exchange (NYCE) in October 1992. The problem of limited storability can be overcome for some agricultural commodities, such as fishmeal or frozen orange juice concentrates, by trading them in processed or frozen form. A frozen orange juice contract has been operating successfully on the NYCE for several years.

Contract Specifications

A futures contract has to be designed in such a way as to maximize liquidity, namely by attracting a high volume of transactions and a large number of market participants, including trading by so-called "speculators." Speculation is often confused with manipulation. This may be because both activities are not based on an interest in the physical trade of the commodity. There is, however a clear conceptual difference between these activities. Speculation involves trading based on anticipated future price movements brought about by market forces and provides a vital part of the trading activity on a futures market. Manipulation, on the other hand, involves attempts to move prices in the opposite direction to what supply and demand conditions on the physical market would dictate.

In addition, contracts traded on futures and options exchanges must conform with conditions in the underlying physical market, and limit the

[1] *See "Risk management in commodity trading" in "UNCTAD Bulletin", March-April 1993 for a survey on the most widely-used risk management instruments and an examination of the constraints to their use by developing countries.*

[2] *Two reports served as a basis for the meeting: "A Survey of Commodity Risk Management Instruments" (UNCTAD/COM/15); and "Technical and Regulatory Conditions Influencing Participation in, and Usage of, Commodity Exchanges" (UNCTAD/COM/16).*

[3] *See Annex table 3, UNCTAD/COM/15, and Annex table 1, UNCTAD/COM/16.*

possibilities for price distortion, including manipulation. Such conditions relate in particular to quality specifications and delivery conditions. The former must ensure that the commodity which might have to be delivered to the exchange conforms to a given standard, is widely traded and is acceptable to the physical market. If the quality specified in the contracts is lower than the standard quality traded on the physical markets, users of exchanges will be unwilling to take delivery. This will lead to growing stocks and exert a downward pressure on prices. If the specified quality is too high, or the range of qualities that can be delivered to the exchange is too narrow, the quantity available for delivery will be low, with the result that manipulating the contract will be easier. In this regard differences between perishable and non-perishable commodities have occurred: while the futures markets for the latter have seen a continuous upgrading in contract quality specifications, the markets for the former remain characterized by low-quality specifications and so function as a market of last resort.

While most futures contracts are offset through a financial transaction, the rules of most commodity contracts take into account the possibility that physical delivery of a commodity will actually take place. This is to ensure that the physical and futures markets move in line with one another. Delivery conditions must ensure that the specific warehouse(s) is (are) located close to the market for physical trade. Users of futures exchanges who have to take, or make delivery can then respond quickly enough to prevent a single market participant from gaining control over supply or demand.[4]

Industry and Market Structures

Worries have been expressed about the viability of futures and options contracts in the presence of highly oligopolistic or oligopsonistic market structures or a high degree of vertical integration in a commodity industry. These specific industry and market structures give rise to bilateral, long-term trade contracts or intra-firm negotiations because there is not a sufficient diversity of unrelated users on both sides of the market. Thus, physical trade in most major mineral commodities is commonly conducted directly between producers and consumers, often on an intra-firm basis. The successful development of futures contracts is possible with this type of market structure only when the number of independent buyers and sellers is sufficiently large.[5] Physical trade in most agricultural products commonly passes through traders, and futures contracts for these products are usually set up to serve the needs of traders, not those of buyers and sellers. In this situation, increased direct trade between producers and consumers, such as has happened in rubber, is likely to lead to a bypassing of the futures contract, as least in the short and medium term.

Given these characteristics, the potential role of exchange-traded contracts in price discovery is necessarily limited, and other types of pricing mechanisms such as price negotiations in long-term contracts, auctions, intra-firm deals, forward markets and spot or terminal markets will continue to be important.

Concerns have also been voiced about the functioning of commodity futures markets when there are many small suppliers and a few large buyers, as in the case of coffee and cocoa. These few large buyers are alleged to use commodity exchanges in such a way as to depress prices. Experience shows, however, that large producers or consumers do not often abuse their market power to attempt manipulation of futures prices. Rather, they tend to adjust the size of their transactions to the extent of the liquidity that prevails in the specific futures market, since they are eventually obliged to liquidate their position, that is find a counterpart. Transactions in one direction by a major visible producer or consumer can, however, initiate a bandwagon effect as some participants may interpret these transactions as indicating an anticipated change in the supply/demand situation for the commodity.

The influence on commodity prices of various types of large investment funds, such as managed funds and institutional investors, which previously were only active on financial markets and have no interest in the commodity itself, is also a source of some concern. Evidence provided by the limited number of studies available on these funds suggests that their activity – while not affecting long-term price developments on commodity markets – can add significantly to day-to-day volatility and so increase the need for a hedging strategy which takes account of this effect.

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[4] *In the United States, the Commodity Futures Trading Commission (CFTC) proposed in September 1991 that the Chicago Board of Trade change the delivery points for its maize and soyabean futures contracts. Due to the declining role of Chicago as a cash market, manipulation had become too easy and new delivery points were needed. See CFTC (1991), "Kalo A. Hineman Delivery Issues Symposium", Washington D.C., p. 159.*

[5] *The fact that this number is rather small in the diamond and iron ore markets may be the main reason for the absence of futures and options trading in these two commodities. The emergence of such trading for aluminium and fuels over the last decade reflects the growing market shares of independent producers and traders.*

Exchange Regulation

Exchange regulation is crucial in order to reassure users that trading is conducted in a fair, safe and efficient manner and that any deliberate distortions of prices will be severely penalized under clear and equitable rules. Regulators face the problem of choosing the "right level" of regulation: too much would raise costs and erode participation while too little would facilitate fraud and manipulation. Various levels of regulation of futures and options markets usually exist. Self-regulation by exchanges is designed to guarantee market credibility on a day-to-day basis whereas regulatory authorities monitor exchange trading to ensure the orderly functioning and reliability of the markets in general.

It is sometimes felt that buyers and sellers are insufficiently represented on exchange committees. These are the bodies that set the rules for exchange operations including contract specifications and exchange by-laws.[6] Exchanges in the United States have recently been required by the Futures Trading Practices Act, 1992 to ensure a minimum representation of farmers, producers, traders and exporters on their committees as well as to avoid conflicts of interest in decision making. A member of a committee or board of an exchange must thus abstain from voting on any matter in which he has a direct financial interest. Regulators outside the United States seem not to have set any specific rules with respect to the composition of the board of directors.[7] In this context it has been suggested that developing countries wishing to participate in futures exchange trading should become more vocal, be it through trade houses or brokers with whom they deal or by trying to become exchange members themselves.

Doubts have also been voiced concerning whether futures and options trading is sufficiently transparent so as to limit the possibility of market distortions. All national exchanges have reporting requirements for this purpose. Information on prices, stocks and turnover is available through data vendor systems which, however, do not have global coverage. Moreover, the information provided is not uniform over exchanges. Information on the structure of futures market participation by main categories of users, such as producers, consumers, trade houses, banks and investment funds is, by contrast, either not available or incomplete or opaque.

Improving transparency does not mean that one has to distinguish between hedgers and speculators since hedgers, in particular trade houses, often speculate. However, more work is clearly needed with respect to adequate public reporting on the structure of exchange participation. The objective would be to enhance the confidence of potential buyers and sellers of commodities that the trading is related to commodity fundamentals, without infringing on a firm's right to privacy and on ways and means of standardizing these improved reporting requirements among commodity exchanges worldwide. Ongoing information needed for daily trade decisions is best obtained from active involvement in the market, developing both a network of reliable trade contacts for understanding the mood of the market and a technique for evaluating the information received. This requires, among other things, a certain continuity in a company's staff involved in using risk management instruments.

Manipulation is often perceived as an important problem in exchange trading by those observing these markets, but less so by traders. Since manipulation attempts always involve physical transactions, the concentration of market power among trade houses that has occurred in particular in soft commodities in recent years has been especially singled out in this respect. Manipulation attempts are mainly focused on spot month contracts. They cause market disruption and hurt certain users, but it seems that these attempts do not severely affect the efficiency of the price discovery mechanism. Most market participants, especially those using the markets for price fixing, can often avoid being victims of manipulation attempts by being careful in their trading strategy, in particular in terms of any activity in the spot month, and by closely observing whether price movements are justified by fundamentals.

Manipulation in commodity futures markets is not, however, at such a level as to be a deterrent to market participation by buyers and sellers and generally does not succeed. All exchanges and regulatory authorities have established methods and rules to detect and punish manipulation. Sometimes these have not been viewed as equitable by market users, some of whom remain sceptical about the consistency and fairness of the application of the rules. One reason for this could be the fact that manipulation attempts have not been treated uniformly and that this treatment depends both on which exchange is involved and on which user of the exchange is attempting manipulation. Clear and equitable rules which do not treat some participants differently than others are therefore essential for maintaining confidence.

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[6] *According to Peter Kooi, President of Cargill's Commodity Marketing Division, exchanges need "...to consider the views of commercial hedgers, and not just write up their comments as a footnote labelled "minority views" in the official minutes". Quoted in CFTC, ibid, p. 569.*

[7] *On the London Metal Exchange, for example, the Board is composed of elected officials from the ring dealing community but there are no rules concerning its composition.*

REVIEWS

REFORMING PUBLIC ENTERPRISES AND THE PUBLIC SECTOR IN SUB-SAHARAN AFRICA

Jean-Marc Fontaine
UNCTAD Discussion Paper-No. 60, June 1993

Public enterprises are considered as imposing an undue burden on the economies of Sub-Saharan Africa, both by absorbing an important share of fiscal and financial resources and by inducing distortions in the resource allocation process. Consequently, proposals for reforming these enterprises have become a standard element of structural adjustment packages. These proposals tend to reduce the scale of operation of public enterprises so as to decrease the need for public subsidies and minimize the distorting influence exerted on the allocation of resources.

The author claims that these recommendations over emphasize the internal sources of inefficiencies and the influence of public ownership while minimizing the global macroeconomic factors responsible for the crisis of public enterprises and the importance of the development functions which these enterprises must perform. Starting from four development priorities, namely the pursuit of domestic stability, diversification of productive activities, increasing domestic linkages and improving technology, he outlines a role for the public sector in sub-Saharan countries.

PUBLIC SECTOR, PUBLIC INTERVENTION AND ECONOMIC DEVELOPMENT

Korkut Boratav
UNCTAD Discussion Paper-No. 61, July 1993

This *Discussion Paper* is an investigation of the role of the State in the development process, with special emphasis on Egypt, Morocco, Tunisia and Turkey. A critical analysis of the newly emerging "conventional wisdom" on the role of the public sector in developing countries and an alternative and unorthodox view of State/private sector relations are the themes of the first chapter. The problems which State-owned enterprises (SOEs) face in developing economies are discussed in the second. The contribution of SOEs to macro-instability through "deficits" and efficiency issues are seen as the two major problems. The author suggests that, under contemporary Middle Eastern conditions, an orientation in favour of reform is preferable to privatization. "Fiscal adjustment" in response to public sector deficits is the theme of the third chapter. The incidence of adjustment through austerity on different items of public expenditure is discussed. This is followed by an investigation of the implications of an alternative approach based on higher revenue effort on the part of Middle East governments.

GROWTH AND STRUCTURAL REFORM IN LATIN AMERICA: WHERE WE STAND

R. Frenkel, J. M. Fanelli and G. Rozenwurcel
UNCTAD Discussion Paper – No. 62, July 1993

The authors examine the policy issues related to the problem of restoring growth in Latin America, drawing on the experience of adjustment-with-stagnation experienced by most countries of the region throughout the eighties. In this context the theoretical framework that supports the World Bank/IMF diagnosis and the policy reforms which these institutions have advocated in Latin America is assessed.

The *Paper* first identifies weaknesses in the World Bank/IMF approach. It then analyses the evolution of the external and fiscal gaps in Argentina, Chile, Colombia, Brazil and Mexico. The third section deals with the magnitude of the adjustment needed to achieve a savings rate compatible with a reasonable growth rate; and the mechanisms which preclude the available savings from being used to finance investment in real assets. Capital flight and the lack of financial intermediation are also analyzed. The last section discusses some policy options for achieving adjustment with growth in the Latin American context.

HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1992

United Nations publication
Sales No. E/F 93.II.D.9, US$80

UNCTAD's *Handbook of International Trade and Development Statistics, 1992*, just published, contains seven main parts and one annex, with data covering: the overall value of trade; the volume, unit value and terms of trade, commodity prices and consumer prices; the network of world trade by origin and destination; the commodity structure of imports and exports for individual countries; financial flows, aid and balance-of-payments data; basic indicators of development, including population, GDP, agricultural and industrial production, energy and other selected economic and social indicators. It also includes a section of special studies, including the share of international trade in domestic consumption in major industrial markets, detailed terms of trade estimates for individual countries, and tables on trade, national accounts and other economic and social indicators relating to countries of the former USSR.

NOTES

TRAINFORTRADE SEMINAR IN MALAYSIA

In cooperation with the Malaysian National Chamber of Commerce and Industry, UNCTAD organized a seventh TRAINFORTRADE seminar on "Trade with EC Single Market Countries" in Kuala Lumpur from 24-28 May. The seminar was designed to help Malaysian exporters take advantage of the changes that the Single Market will introduce in market access conditions and to explore in a systematic manner all possibilities offered by the regional preference regime granted by the EC to ASEAN countries. Participants included export managers, traders, bank managers and trade promotion officers.

The seminar was organized as part of the UNCTAD/ITC TRAINFORTRADE programme which aims at strengthening the human resources of developing countries in the field of trade and trade-related services through the design, production and dissemination of training packages and the training of trainers.

The package on "Trade with EC Single Market Countries" was developed by UNCTAD in cooperation with ITC, the Luigi Bocconi University of Milan, and the Italian Institute of Foreign Trade (ICE). The Commission of the European Communities provided technical support while the corresponding training materials were financed by the Government of Italy. The package was adapted to the needs of ASEAN countries through an UNCTAD/TRAINFORTRADE project financed by the Government of Luxembourg.

NEW DIRECTOR FOR ECDC DIVISION

On 1 June the appointment took effect of Mrs. Chafika Meslem as Director of the Division for Economic Cooperation among Developing Countries (ECDC). Before joining UNCTAD, Mrs. Meslem had been Director of the Division for the Advancement of Women at the United Nations Office at Vienna since 1981. In 1985 she served as Deputy Secretary-General of the Third World Conference on Women and she has been actively involved in the preparation of the Fourth Conference in 1995.

As a member of the Algerian foreign service, Mrs. Meslem headed her country's delegations to many international conferences, including meetings of UNESCO, WHO, UNIDO, UNCTAD V, the Least Developed Countries Conference in 1981 and the World Conference of International Women's Year. Mrs. Meslem participated actively in the Algerian war of liberation and was imprisoned and later exiled. As Deputy Permanent Representative of Algeria to the United Nations Office at Geneva, she served as Vice-President and Rapporteur to the Trade and Development Board and later as President of the First Committee of the Board.

Mrs. Meslem has written numerous articles on economic cooperation among developing countries and on the status of women.

UNCTAD HELPS TO REHABILITATE THE PORT OF MOGADISHU

The UNCTAD secretariat has sent a management team to Somalia to help administer and operate the port of Mogadishu for an initial six-month period as from 1 June. The team is made up of a harbour master, a full-tonnage pilot, an operations manager, an administrative/finance manager and a chief engineer. A personnel/training manager is scheduled to join the team later. As of 1 August the team took over the operation of the port from the military.

The mission is taking place under a UNDP preparatory assistance project aimed at providing Somalia with administrative, operational, engineering and managerial capacity to operate and develop its ports. Assistance will also be provided to other international ports (Berbera and Kismayo) and the local port of Bosaso. An assessment mission took place in July to quantify the managerial, infrastructure and equipment needs to rehabilitate these ports. The project emphasizes the creation of a port authority and port-related governmental and commercial bodies such as pilotage, towage, stevedoring companies, shipping and customs agencies, and agricultural and animal inspections units. The project also requires the provision of equipment for marine and break-bulk cargo and container handling services, which will be funded through UNOSOM by donor countries or international organizations.

The project is executed by UNCTAD through the Ports Section of its Service Development Division in cooperation with the World Food Programme.

NEW COCOA AGREEMENT ADOPTED

On 16 July forty-four cocoa producing and consuming countries adopted a new international cocoa agreement with economic provisions, bringing to a successful conclusion more than one year of negotiations under UNCTAD auspices. The Agreement aims at reaching an equilibrium in the medium and long-term between supply and demand for cocoa through adjust-

ments in production and the promotion of consumption. A Production Committee and a Consumption Committee are to be set up for this purpose. The former will draw up and implement a production-management plan, fixing indicative figures for annual levels of global production necessary to achieve and maintain market equilibrium. Amongst other things, the Consumption Committee will monitor and evaluate cocoa consumption trends and programmes, identify obstacles to the expansion of consumption, and encourage efforts to expand consumption and to develop new end-uses for cocoa. The Agreement also seeks to assure adequate supplies at prices that are equitable to producers and consumers. An innovation in the Agreement is the inclusion of an article enjoining members to give due consideration to the sustainable management of cocoa resources and processing.

In a message to the Conference, the Secretary-General of UNCTAD, Mr.Kenneth K.S. Dadzie, recalled that cocoa had been singled out at UNCTAD VIII as one of the commodities to which particular attention should be paid in the negotiation of new agreements. Accordingly the successful conclusion of the negotiations was "an important step in the achievement of the goals set out in the Cartagena Commitment". According to Mr. Dadzie, the new International Cocoa Agreement "provides a realistic basis for improving and strengthening the world cocoa economy within the framework of the International Cocoa Council (ICCO)."

FORTHCOMING UNCTAD MEETINGS

- ***September***
  20-1 October
  Trade and Development Board, fortieth session, first part
- ***October***
  11-15
  Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries, second session
  18-22
  Intergovernmental Group of Experts on Restrictive Business Practices, twelfth session
  25-27
  Intergovernmental Group of Experts on Iron Ore, second session
  25-29
  Intergovermental Group of Experts on Ports

PUBLICATIONS

- Report of the Special Committee on Preferences on its twentieth session (TD/B/SCP/4)
- Transparency in the design of trade policy in the context of the fight against protectionism: experience of selected countries (UNCTAD/ITD/3)
- Technical and regulatory conditions influencing participation in, and usage of, commodity exchanges by both buyers and sellers of commodities (UNCTAD/COM/16)
- Review of Iron Ore Statistics – Iron Ore Statistics 1983-1992 (TD/B/CN.1/IRON ORE/7)
- Report of the Ad Hoc Meeting on Bauxite (TD/B/CN.1/RM/BAUXITE/4)
- Report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (TD/B/LDC/AC.1/4)
- Agreed Conclusions and Recommendations, Priority Areas and Modalities for Further Action to Improve Transit Systems in Land-locked and Transit Developing Countries (TD/B/LDC/AC.1/3)
- Consideration of host and home countries policies and measures to promote foreign direct investment, including export processing zones and special economic zones – Export processing zones: Role of foreign direct investment and developmental impact (TD/B/WG.1/6)
- Consideration of global trends and issues, including foreign investors' motivations – Foreign direct investment in developing countries: Recent trends and policy issues (TD/B/WG.1/7)
- Report of the Ad Hoc Working Group on Investment and Financial Flows: Non-debt creating Finance for Development: New Mechanisms for increasing Investment and Financial Flows on its session session (TD/B/WG.1/8)
- Presentation of national experiences with privatization (UNCTAD/DSD/Misc.9)
- Report of the Ad Hoc Working Group on Comparative Experiences with Privatization on its second session (TD/B/WG.3/9)
- Report of the Working Party on the Medium-term Plan and the Programme Budget on its twenty-second session (TD/B/WP/81)
- Report of the Trade and Development Board on the first part of its thirty-ninth session (TD/B/39(1)/15)
- Results of Specific Studies Related to Transit and its Alternatives – Report by the UNCTAD secretariat (TD/B/40(1)/4)
- Contributions by Governments, international and intergovernmental organizations and non-governmental bodies concerning the special problems of land-locked developing countries – Report by the UNCTAD secretariat (TD/B/40(1)/5)
- Follow-up to the Recommendations adopted by the Conference at its eighth session: Evolution and Consequences of Economic Spaces and Regional Integration Processes (TD/B/40(1)/7)

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

ISSN 0259-3181